

IRS News Release

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Transitional Penalty Relief Provided to Tax Return Preparers

IR-2007-115, June 11, 2006

WASHINGTON — The Internal Revenue Service and Treasury Department today released Notice 2007-54, providing guidance and transitional relief for the return preparer penalty provisions amended by the Small Business and Work Opportunity Act of 2007. The new amendments are effective for returns prepared after May 25, 2007.

The new law amended several provisions of the Internal Revenue Code to extend the return preparer penalties under section 6694 to preparers of all tax returns, including estate and gift tax returns, employment tax returns, and excise tax returns. Prior to the new law, these penalties applied only to the preparers of income tax returns. The new law also increased the amount of the penalties and changed the standards of conduct that must be met by return preparers in order to avoid penalties under section 6694.

The transitional relief provided by Notice 2007-54 will apply to all returns, amended returns and refund claims due on or before December 31, 2007, including those returns, amended returns and refund claims filed pursuant to extensions to file due on or before December 31, 2007; to 2007 estimated tax returns due on or before January 15, 2008; and to 2007 employment and excise tax returns due on or before January 31, 2008.